



Director of  
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## SITUATION REPORTS

### IRAN

*Some Iranian opposition leaders reportedly are willing to tolerate a government led by Prime Minister Bakhtiar for a limited period in order to forestall any attempt by the military to seize power. The economy remains at a standstill with no appreciable improvement in oil production.* [redacted]

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National Front leader Sanjabi reportedly has taken a private position that contradicts his public calls for a Front, rather than a Bakhtiar, government. He is said to have promised not to generate active opposition to the Bakhtiar government while giving Bakhtiar 25X1 time to attempt to gain effective control over the military and institute necessary reforms. [redacted]

Members of the Liberation Movement of Iran, led by Mehdi Bazargan, have told a US Embassy officer that they see a need for a transitional government to defuse the violence of recent months. We suspect that this group, which is affiliated with the National Front, is trying to carve out a role for itself in the post-Shah political era and is willing to give Bakhtiar a chance only because it is fearful of the repression that would accompany the overthrow of any civilian government by the military. [redacted]

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We believe that both Sanjabi and Bazargan will be willing to give Bakhtiar a breathing space only as long as they think the Shah will actually leave the country. Neither has a mass following in Iran and neither will be able to counteract the influence of Ayatollah Khomeini, who has already called on his followers to reject the Bakhtiar government. [redacted]

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[redacted] Bazargan and other leaders believe they will have to follow Khomeini's lead in public at least. [redacted]

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The economy remains at a virtual standstill. Despite reports that some oil field and refinery workers are willing to return to their jobs, oil production thus far has failed to increase from the 200,000 to 300,000 barrel-per-day level registered since the beginning of the year. [REDACTED]

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Foreign transactions remain frozen as a result of the continued strikes by customs and Central Bank employees. The Central Bank has been shut since late November and other commercial banks cannot function without Central Bank services. [REDACTED]

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Beginning this month, the government's financial position will begin to erode; because of the time lag in oil payments Iran has been receiving near normal oil earnings until now, despite the severe drop in exports that began in late October. Official foreign exchange reserves are still above \$10 billion, but could fall by \$3 billion to \$5 billion when the backlog in demand for foreign exchange to cover overdue payments is worked down over the next three months. The government will have difficulty in meeting its payroll beginning next month, [REDACTED]

[REDACTED] the government will have to print money if it is to make those payments. [REDACTED]

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VIETNAM-KAMPUCHEA



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UN Activity

A formal UN Security Council session to discuss the Kampuchean situation could be called as early as today. Informal consultations indicate that all the Council members, except the USSR and Czechoslovakia, favor convening a formal meeting. The Soviets could block inscription of the item, but do not appear to be actively seeking support to this end. [REDACTED]

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A likely outcome of the session would be a resolution sponsored jointly by the West and nonaligned states that neither the Soviets nor the Chinese would oppose. The resolution would call for restraint on the part of all parties involved and offer the good offices of the UN Secretary General to mediate the crisis. Such a resolution would strengthen Secretary General Waldheim's hand if he proceeds with his planned visit to Kampuchea and Vietnam. [REDACTED]

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## BRIEFS AND COMMENTS

### EGYPT-SOMALIA: Military Assistance

*Egyptian President Sadat told a US Congressional delegation on Monday that he plans to send 200 tanks to Somalia and would agree to a request made last week by Somali Vice President Samantar for troops to defend the port of Berbera. It is unclear whether Egyptian crews will accompany the tanks. If this occurs, it would be a reversal of Egypt's policy of providing only limited military assistance to Somalia. Some of the senior Egyptian military leaders who were removed late last year were opposed to such aid.*

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Sadat and other senior Egyptian leaders have voiced increasing concern over the spread of Soviet and other Communist influence in Africa and the Persian Gulf region. To counter this, Egypt has provided military aid to Chad, Zaire, Tanzania, and the United Arab Emirates, in addition to Somalia. The Egyptians are also planning to organize intervention brigades for use in Africa after a peace treaty with Israel is signed. Sadat's decision probably will dismay and anger middle-level and junior officers, who see economic development as Egypt's primary task after a peace treaty.

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Somalia has gone to great lengths since mid-December to call international attention to intensified Ethiopian airstrikes and an alleged Ethiopian buildup near its northwestern border. We have no evidence to support Somali allegations of such a buildup, but Ethiopian cross-border airstrikes have become more frequent in recent weeks in retaliation against Somali-supported insurgents who have stepped up infiltration and tactical activity in eastern and southern Ogaden.

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Ethiopia's best combat units are still in Eritrea, and there is no evidence of redeployments to the Ogaden; Ethiopia appears incapable of mounting any major, sustained ground action against Somalia in the near term.

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NAMIBIA: UN Representative's Visit

*Martti Ahtisaari, the UN Secretary General's special representative for Namibia, will go to Windhoek later this week to discuss with the South African Administrator General the problems blocking implementation of the UN independence program. Ahtisaari's mission will test whether South Africa, in order to gain international support for a Namibian government, will drop its demands for modifications in the UN program that probably would be unacceptable to the Security Council.*

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South African Prime Minister Botha has agreed to a UN-supervised election in Namibia that would, in effect, nullify the election conducted by the South Africans last month. There is, however, still a wide separation between the conditions demanded by the South Africans and the stipulations of the UN program. Among other things, the South Africans still insist that they will withdraw no troops until they are satisfied that the South-West Africa People's Organization has ceased all guerrilla operations. The UN plan stipulates that South African and SWAPO forces withdraw simultaneously within three months of a truce. The two sides apparently also still differ on the size of the planned UN peace-keeping force.

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Ahtisaari's trip to Namibia challenges Botha to make a quick decision to accept at least an advance contingent of UN soldiers on the premise that remaining problems will be resolved later. Secretary General Waldheim has informed Botha that a UN force must begin arriving by late February if Botha's goal of an election by September is to be reconciled with the UN plan.

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If Botha agrees to the early arrival of a first UN contingent, he will still hold high cards. All Namibian political groups except SWAPO share his wariness of UN "partiality" for SWAPO and may back the government in its efforts to limit the actual deployments of UN soldiers and the activities of the UN civil staff.

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NIGERIA: Threat to Political Transition

*Last month we reported that ethnic and regional divisions were threatening the process that is supposed to culminate in the restoration of civilian rule in October. We are now becoming increasingly doubtful that the changeover will in fact take place.* [redacted]

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The country's new political parties are showing themselves prone to the same regional, ethnic, and religious lines of conflict that undermined the first republic in the 1960s. Interparty differences seem to be growing sharper. Regional and national elections scheduled to be held during the year are not likely to be peaceful. There probably will not be a clear-cut presidential victor. [redacted]

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There is a growing chance--particularly if ethnic politicking triggers communal violence--that the transition will be aborted at some point during the year, either by the present military regime or by disgruntled officers in the Army. [redacted]

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A civilian government would be less able than the military to cope with the ethnic and regional divisions and with the growing economic and social tensions arising from helter-skelter economic development, urban growth, and inflation. Events could well convince the military that it alone is capable of governing the country. [redacted]

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JAMAICA: Demonstrations

Jamaica's opposition party on Monday launched demonstrations that have disrupted urban business activity and may have partly shut down the bauxite industry--the nation's leading foreign exchange earner. The protest could escalate into a general strike before its scheduled end on Friday. The demonstrations are the most effective opposition action since Prime Minister Manley was elected nearly seven years ago and come at the lowest point in his popularity. The opposition's eventual aim is to force an early election on Manley, whom most Jamaicans blame for the country's severe economic downturn.

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CHINA-DJIBOUTI: Diplomatic Relations

China and Djibouti earlier this week established diplomatic relations and agreed to exchange ambassadors as quickly as possible. For the Djibouti Government, the decision is clearly an effort to balance the diplomatic presence recently established by the USSR. Djibouti President Gouled, who only reluctantly acceded to strong and persistent pressure from Moscow for diplomatic ties, suspects the Soviets will seek to undermine his fragile regime as well as that of neighboring Somalia and attempt to pave the way for increased Ethiopian influence in Djibouti. China has the same concerns and will attempt to use Gouled's worries to advance its own anti-Soviet policies in the Horn of Africa.

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ZAMBIA-NIGERIA: Defense Capabilities

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The Nigerian Government, [redacted]  
[redacted] has decided for the present  
not to send a battalion of soldiers to help defend Zambia  
against Rhodesian raids, but will reconsider if Zambian  
forces make a poor showing against new raids. Nigerian  
diplomats in Lusaka reportedly believe that Zambia's de-  
fense capabilities have "improved" since last fall, when  
Nigeria agreed in principle to send Zambia a limited  
number of troops. We do not believe that Zambia's de-  
fenses have improved significantly; the Nigerians may  
be using this claim as an excuse to delay sending their  
troops. Training of the Nigerian soldiers for such a  
role may be taking longer than expected. [redacted]

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## SPECIAL ANALYSIS

### VIETNAM-KAMPUCHEA: Hanoi's Prospects

*Vietnam's rapid imposition of a puppet regime in Phnom Penh and its extended offensive throughout the country are designed to crush all organized resistance in the shortest possible time. The outcome--the rapid establishment of total Vietnamese control or a debilitating guerrilla struggle--should become clearer within a month. In any case, the Vietnamese now appear committed to a protracted military occupation of Kampuchea, whatever the cost.*

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In reaching their decision to proceed with an all-out offensive and military occupation of Kampuchea, the Vietnamese appear to have banked heavily on being able to destroy quickly the forces of the Pol Pot regime and prevent the emergence of an effective Kampuchean resistance. If this can be done, Hanoi probably reasons that the cost of an all-out offensive will prove to be no more than that of the previous unending border war.

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If Prime Minister Pol Pot and other leaders are dead or otherwise removed from the scene, the Kampuchean resistance could quickly fade. Some Kampuchean units do remain intact, however, and are still mounting effective hit-and-run attacks.

Vietnam will probably have to garrison at least six to eight divisions in Kampuchea for some time to control major cities and lines of communication. This kind of commitment, added to the 30,000 Vietnamese soldiers engaged in anti-insurgent operations in Laos, could in time place a serious strain on Vietnam's military and economic resources--a strain that could be aggravated

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if Western sources of aid dry up in the wake of Vietnam's open aggression. This clearly is a cost Hanoi is prepared to pay, if necessary, and Vietnamese determination probably is buttressed by a commitment of Soviet support. [redacted]

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The extent and duration of Vietnam's military involvement in Kampuchea will also depend on the progress Vietnam's Khmer clients make in developing an independent military capability and an administrative infrastructure throughout the country. The government established in Phnom Penh on Monday--and recognized yesterday by the USSR--is headed by the same man, Heng Samrin, who was named as leader of the insurgent "national front." Some members of the new government were adherents of the Pol Pot regime who broke away over issues of policy or power during the last year. [redacted]

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The Chinese will do what they can to ensure that the Vietnamese occupation develops into a serious, long-term drain on Hanoi's resources. [redacted]

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[redacted] It may be some time, however, before the Chinese are able to assess the needs of any resistance force and begin to provide material support. Thai willingness to cooperate with the Chinese in such an endeavor is still in doubt. [redacted]

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The Thai anticipate that the task of gaining full control of Kampuchea, plus Vietnam's economic tasks at home, will preoccupy Hanoi for some time. The Vietnamese invasion, however, clearly has sharpened Thai concerns about Vietnam's long-term intentions toward Thailand. [redacted]

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Vietnam's actions have also rekindled old fears that Hanoi ultimately might resort to force to seize control of the 16 provinces of northeast Thailand where the inhabitants share close ethnic ties to Laos. The Thai are anxious for reassurance of a US commitment to Thailand's security and have begun to press for increased military aid. [redacted]

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At this juncture, the Thai have no intention of directly intervening in Kampuchea, however distressed they are by the expansion of Vietnamese power toward their border. In a conversation this week with the US Ambassador [redacted] Prime Minister Kriangsak emphasized his government's determination to remain neutral and insisted that Thailand would not supply arms for any Pol Pot guerrilla effort.

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Should Pol Pot's forces establish a viable resistance movement in the countryside, however, Thailand might agree to discreet, limited cooperation with China in supporting it, although the risks of Vietnamese retaliation will reinforce Thai caution. [redacted]

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#### OVERNIGHT REPORTS

(The items in the Overnight Reports section have not been coordinated within the intelligence community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)

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#### India

Candidates representing former Prime Minister Gandhi's Congress Party won decisive victories last night in two parliamentary byelections, the first held since her one-week imprisonment last month and her expulsion from parliament--where the Janata Party of Prime Minister Desai continues to have an overwhelming majority. The contests were in the south-central state of Andhra Pradesh, long a Gandhi stronghold. The margins of victory in each case were much greater than those garnered there by Congress candidates when the Janata Party won the national election in 1977; neither Janata candidate campaigned very effectively on this occasion.

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Peru

The general strike begun yesterday at the instigation of leftist labor groups has been a good deal less effective than its backers had hoped. The strike organizers, led by the General Confederation of Peruvian Workers, have failed to paralyze Lima's mass transit, and most mine and metallurgical workers in the provinces have refused to go on strike. The stern measures of the government, including the suspension of constitutional guarantees, have reduced support for the strike.

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Egypt

According to the US Embassy, President Sadat has made clear that he once again regards former War Minister Jamasi as one of his senior advisers. Jamasi was in Sadat's entourage for talks with a US Congressman at Aswan last weekend, although he did not take an active part in the discussion. While it is not certain what specific functions Sadat has in mind for Jamasi, the President did give precedence to him over Defense Minister Ali in referring to possible participants in a US-Egyptian assessment of the Middle East - African situation Sadat has proposed. Jamasi, who lost his defense portfolio in a shakeup of Sadat's inner circle last October, indicated his pleasure at having been rehabilitated.

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